

**NIH POLICY MANUAL****2300-575-1 - NIH Salary Determination****Issuing Office: OD/OHRM, 496-4851****Release Date: 07/24/96**

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- 1. Explanation of Material Transmitted:** This Instruction outlines NIH procedures to be used in determining salary for employees who will be receiving recruitment, relocation or retention bonuses.
- 2. Filing Instructions:**

**Remove:** NIH Manual 2300-575-1 dated 08/20/93.

**Insert:** NIH Manual 2300-575-1 dated 07/24/96.

**PLEASE NOTE:** For information on:

- Content of this chapter, contact the issuing office listed above.
  - NIH Manual System, contact the Division of Management Services, OMA on 496-2832, or enter this URL: <http://www3.od.nih.gov/oma/manualchapters>.
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**A. New Appointments:**

A new appointment to a position is made at the minimum rate of the appropriate grade unless it meets one of the exceptions outlined below. The salary for promotions, reassignments, and a change to a lower grade is determined in accordance with the procedures described in 5 USC Subchapter III, Section 5334, 5 CFR parts 530 Subchapter C, 531 Subchapter B and 536.

**B. Exceptions:**

- a. Highest Previous Rate

If the selectee has previously been employed in a civilian job in any branch of the Federal Government, except as provided in 5 CFR 531.203, a mixed-ownership corporation, or the government of the District of Columbia, the salary may be based on the highest scheduled rate paid to that person based on a regular tour of duty under an appointment not limited to 90 days or less, or for a continuous period of no less than 90 days under one or more appointments without a break in service.

- b. Superior Qualifications

An employee's rate of basic pay upon appointment or reemployment may be set at any rate of the employee's grade if the employee has superior qualifications or there is a special need of NIH for the candidate's service. Former Federal employees may qualify if they meet the requirements in 5 CFR 531 Subpart B. In setting the appropriate step, consideration should be given to the availability of highly-qualified candidates, the existing compensation of the candidate (including any bona fide fringe benefits not offset by Federal benefits), and

legitimate and confirmed competing offers. Approval for superior qualifications must be obtained prior to appointment and cannot be made retroactive. Each organization must keep records of each approval, evaluate their use of this authority, and provide reports as required. Written documentation sufficient to reconstruct the action taken in each case must be maintained for at least three years. Each request must include:

1. a description of the superior qualifications of the individual or the special need of NIH;
2. the factors considered in determining the individual's existing pay and the reason for setting pay at a higher rate; and
3. the reasons for authorizing an advanced rate instead of (or in addition to) a recruitment bonus.

### **C. Recruitment and Relocation Bonuses and Retention Allowances Plans:**

#### **. Coverage:**

In addition to positions grade 15 and below in the competitive service, the provisions for Recruitment, Relocation and Retention Bonuses also include:

1. Senior Executive Service (SES) positions;
2. Executive Schedule (EX) positions and positions for which the rate of pay is set by law at an EX rate; and
3. Senior-level positions (SL) or scientific or professional positions paid under 5 U.S.C. 5376 (ST).

#### **b. Recruitment Bonus.**

A newly appointed employee or an individual to whom a written offer of employment has been made by the agency may be paid a recruitment bonus of up to 25 percent of basic pay provided there is a determination that, in the absence of such a bonus, difficulty would be encountered in filling the position with a high quality candidate.

1. **Approving Official:** The approving official must be designated in accordance with delegations of authority.
2. **Determination Criteria:** The justification must have a written determination describing the difficulty in filling the position in the past or future and any of the following factors, as applicable in the case at hand: success of recent efforts, recent turnover, labor-market factors, special qualifications needed; and the practicality of using the superior qualifications appointment authority alone or in combination with a recruitment bonus. The size of the bonus will be set at the minimum percentage that is necessary to obtain the service of a candidate. The determination must be fully justified in writing and must not cause the employee's total annual compensation to exceed the aggregate compensation limit of Executive Level I.
3. **Service Agreement, Payment, and Repayment of Recruitment Bonus:**

Before a recruitment bonus may be paid, the employee must sign a written service agreement to complete at least 12 months of employment with the appointing agency (or a successor agency in the event of a transfer of functions). The recruitment bonus is paid as a lump sum and is not considered part of an employee's rate of basis pay for any purpose. An employee who fails to complete the period of employment established under a service agreement is indebted to the Federal Government and must repay the recruitment bonus on a pro rata basis unless the employee is involuntarily separated or an agency official determines that recovery would be against equity and good conscience or against the public interest in accordance with delegations of authority.

4. Internal Evaluation Records and Reports: Each organization will evaluate the use of recruitment bonuses to ensure conformance with established criteria. Each organization will keep a record of each determination including criteria and justification for the decisions. Reports will be made as required.

c. Relocation Bonus:

An employee who must relocate to accept a position in a different commuting area may be paid a relocation bonus of up to 25 percent of basic pay provided there is a determination that, in the absence of such a bonus, difficulty would be encountered in filling the position with a high quality candidate.

1. Approval Authority: The approving official must be designated in accordance with delegations of authority.
2. Determination Criteria: The criterion for determining a relocation bonus is the same as a recruitment bonus except the superior qualification provision is not included. Service agreements will be for a minimum period of one year, except in cases where management temporarily relocates an employee to a position in a different commuting area for a period of less than one year. Approvals are made on a case-by-case unless the agency has approval from OPM for exceptions. Criteria for determining the size of a bonus to retain an employee is the same as a recruitment bonus.
3. Service Agreement, Payment, and Repayment of Relocation Bonus: The requirement for a service agreement is the same as a recruitment bonus. Payment of a relocation bonus is the same as a recruitment bonus; however, refer to 5 CFR 575.205 for information regarding law enforcement officers' rate of basic pay. The employee must establish a residence in the new commuting area before a relocation bonus may be paid.
4. Internal Evaluation, Record, and Reports: The requirements for a relocation bonus are the same as required for a recruitment bonus.

d. Retention Allowance.

To provide an incentive for an employee to remain in NIH because of the employee's qualifications or because of a special need of the agency, a retention

allowance up to 25 percent of the employee's basic pay may be approved. A retention allowance may not cause an employee's total compensation to exceed level I of the Executive Schedule. To be eligible for a retention allowance, an employee must be in a position without a definite time limitation and must have been employed in such an appointment with NIH for at least one year. An employee who has not fulfilled a recruitment or relocation bonus service agreement is not eligible for a retention allowance.

1. **Approval Authority:** The approval authority must be designated in accordance with delegations of authority.
2. **Determination Criteria:** A retention allowance is paid only if the employee has unusually high or unique qualifications or NIH has a special need which makes it essential to retain the employee, and the employee would likely leave the Federal service without the allowance.
3. **Payment of Retention Allowance:** The retention allowance is paid along with an employee's pay on a biweekly basis, not as a lump sum. However, the allowance is not considered basic pay for any purpose. The retention allowance must be terminated if the employee leaves the position held at the time the allowance was approved. Based on written annual reviews, a retention allowance may be continued as long as the conditions giving rise to the original determination to pay the allowance still exist. NIH may reduce or terminate payment of a retention allowance.
4. **Internal Evaluation, Records, and Reports:** The requirements for evaluation, records, and reports are the same as required for a recruitment bonus.

#### **D. Exeptions to Salary Determination Procedures:**

The NIH Director of Human Resources is authorized to make exceptions to this plan. Any exception must meet the requirements of applicable laws and regulations.

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